



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

0002

Michael O. Leavitt
Governor

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Division Director

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January 25, 1994

TO: Board of Oil, Gas and Mining

THRU: James W. Carter, Director *JWC*

THRU: Lowell P. Braxton, Associate Director *LMB*

FROM: D. Wayne Hedberg, Permit Supervisor *DWH*

RE: Status of Permit Review, Geneva Steel, Iron Mountain Mine,
M/021/008, Iron County, Utah

This memorandum is intended to serve as an update to the Board considering the status of the permit review of Geneva Steel's revised Iron Mountain Mine permit application. As you will recall, Geneva Steel has purchased and formally transferred the mine permits (M/021/001, M/021/005, M/021/008 & S/021/010) for a number of iron mining properties located west of Cedar City, Utah.

On October 2, 1991, the Board of Oil, Gas and Mining approved of the amount and form of Interim Reclamation Surety (\$1,180,500) from Geneva Steel (Geneva) for all of their Iron Mountain mine properties. The surety documents were filed as a temporary provision until a revised and consolidated permit application and replacement surety could be finalized and approved. The Interim Reclamation Contract agreement and Self Bonding & Indemnity Agreement contain language which gave Geneva and the Division until October 2, 1992, to complete the permitting process for the revised permit application. Supplemental language allowed Geneva to petition the Board for a timeframe extension in the event of unforeseen extenuating circumstances (see attachments).

On October 20, 1992, the Division and Board provided Geneva with a requested time extension until April 2, 1993, because of unforeseen Division review delays that were beyond Geneva's control. A subsequent time extension was granted by the Board until December 31, 1993, following a joint request from the Division and Geneva dated April 22, 1993. The anticipated December 31st



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January 25, 1994

timeframe has proven unrealistic. Significant permitting details and questions remain unresolved. Consolidating 4 incongruous permits into a single, comprehensive permit has proven much more complicated and time-consuming than originally anticipated by both parties.

Consequently, the Division and Geneva are herein requesting an unspecified extension of time to complete the permitting process. The existing interim reclamation contract and surety will remain in effect until a new surety is calculated and approved by the Division and Board.

Our latest review letter was sent to Geneva on December 22, 1993. On January 18, 1994, we sat down with Geneva representatives to go over our review comments and clarify the outstanding permitting deficiencies. Because of the length and complexity of the review document, we were not able to complete our discussions on that date. We have scheduled another meeting for February 10, 1994 to finalize our discussions of the review document.

We expect that another onsite inspection will be necessary to clarify and resolve some of the remaining permitting concerns/questions. We will schedule this site visit during our February 10th meeting with Geneva. It is the Division's opinion that the existing interim surety amount is sufficient to secure reclamation of the existing disturbances through 1994.

It is our intention to continue to move this permitting process along as rapidly as possible. At this time, we cannot confirm a date to complete our approval of Geneva's revised permit application, but would hope that it can be resolved before the end of the year. We appreciate your consideration, patience and understanding in this matter.

jb
attachments
cc: Roy Benson, Geneva Steel
Clayton Parr - Kimball, Parr, Waddoups, Brown & Gee
M021008.brd

File Number M/021/008

Effective Date 10/3/91

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DIVISION OF OIL, GAS AND MINING
355 West North Temple
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INTERIM RECLAMATION CONTRACT

---ooOoo---

For the purpose of this INTERIM RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.) M/021/005; M/021/008;
M/021/001 (partial)
(Mineral Mined) Iron Ore

"MINE LOCATION":

(Name of Mine)
(Description)

Comstock; Iron Mountain

"DISTURBED AREA":

(Disturbed Acres)
(Legal Description)

393.5

See Exhibit A

"OPERATOR":

(Company or Name)
(Address)

Geneva Steel

P.O. Box 2500

Provo, Utah 84603

(Phone No.)

(801) 227-9000

acceptable replacement surety, the Division may call or draw upon the full amount of existing surety prior to cancellation or expiration.

3. Operator agrees to pay public liability and property damage claims resulting from mining as determined by the Board or the Division, to the extent provided in the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Subject NOI's, and the reclamation plans under the Subject NOI's as applicable.
5. This Contract shall remain in force until superseded by a definitive Reclamation Contract and an accompanying surety bond based upon an approved reclamation plan covering the Disturbed Area to be defined with particularity therein, which should occur within one year of the date hereof. If the Operator fails to secure an approved definitive Reclamation Contract and an accompanying surety covering the disturbed area within one year after the Effective Date of this Contract, Operator will initiate reclamation or petition the Board for an extension of this Contract or for such other relief as may be appropriate under the circumstances. The Operator's liability under this Contract may be partially terminated and the amount of the surety adjusted correspondingly if the Division certifies that the Operator has reclaimed discrete portions of the Disturbed Area in accordance with the Act and implementing rules, the Subject NOI's and the reclamation plans, as applicable.

EXHIBIT B-1
to
Interim Reclamation Contract
Geneva Steel

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DIVISION OF
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SELF BONDING AND INDEMNITY AGREEMENT

This Self Bonding and Indemnity Agreement "Agreement") is entered into by and between Geneva Steel ("Operator") and the State of Utah, Department of Natural Resources, Board of Oil, Gas and Mining ("Board"). The Board and the Operator find that:

WHEREAS, pursuant to the Mined Land Reclamation Act, § 40-8-1 et seq., Utah Code Annotated (1953, as amended) ("Act") and applicable rules, the Operator has executed an Interim Reclamation Contract relating to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008 from the Division of Oil, Gas and Mining ("Division") to operate the Comstock and Iron Mountain Mines, both iron mines, in Iron County, Utah, which location is more specifically described in Exhibit A; and,

WHEREAS, the Board and the Operator agree that, upon permanent cessation of operations, complete reclamation of the Comstock and Iron Mountain Mines pursuant to Permit Nos. M/021/001 (partial), M/021/005, and M/021/008, including revisions and amendments (collectively "Permits"), the Act, and applicable rules is essential to protect the land from future harm due to prolonged deterioration; and,

WHEREAS, the Operator has requested that the Board accept a written contractual agreement as reclamation surety required by the

obligations have been fulfilled, the Board shall release the Operator from part or all of its obligations under this Agreement and shall file a notice of such release in the property records of Iron County, Utah.

5. Periodically or at the request of the Operator, this Agreement shall be reviewed by the Division and the amount of liability adjusted if the Division determines that the cost of future reclamation has materially changed.

6. The Operator may terminate this Agreement by providing written notice to the Board no less than 120 days prior to the date of termination. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination, upon failure of which the notice of termination shall be ineffective.

7. The Board may terminate this Agreement by providing written notice to the Operator no less than 120 days prior to the date of termination unless the Board determines that the Operator no longer meets the financial criteria for a written contractual agreement whereupon the Board may shorten the above-stated notice period for termination of this Agreement. The Operator must provide an alternate reclamation surety in the form and amount satisfactory to the Board prior to 30 days before the stated date of termination.

8. If the Operator fails to secure an approved definitive Reclamation Contract and an accompanying surety covering the disturbed area within one year after the effective date of this Contract, or if the Operator fails, within the time periods set out

paragraph seven of this Agreement, to provide an alternative reclamation surety satisfactory to the Board, the Operator will initiate reclamation or petition of the Board for an extension of this Agreement or for such other relief as may be appropriate under the circumstances.

9. Pursuant to the Interim Reclamation Contract, this Agreement shall be modified or superseded by a surety satisfactory to the Board to assure the performance of reclamation as provided in the final approved reclamation plans for the Permits.

10. This Agreement will be governed and interpreted according to Utah law.

11. In addition to any other liability described above, the Operator shall pay reasonable attorney fees and costs incurred by the Board if the Board is successful in any action or suit regarding this agreement.

SO AGREED this 2nd day of October, 1991.

GENEVA STEEL

Oct. 4, 1991
Date

October 2, 1991
Date

Robert A. Johnson
Corporate Officer Name and Title
Robert A. Johnson, Vice President
James W. Carter
James W. Carter, Chairman
Board of Oil, Gas and Mining

APPROVED AS TO FORM:

Thomas A. Mitchell
Assistant Attorney General

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